

FISCAL NOTE

SB 29

January 25, 2001

SUMMARY OF BILL: Amends the retirement law by increasing the maximum benefit which can be paid to a prior Class B member of the superseded state retirement system from 75% of the member's average final compensation to 77.5% of the member's average final compensation. The bill also reduces the maximum benefit which can be paid to a Group 2 member of the Tennessee Consolidated Retirement System from 80% of the member's average final compensation to 77.5% of the member's average final compensation.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$62,475 Annual Amortized Cost

Increase Local Govt. Expenditures – Not Significant

**Other Fiscal Impact – Increase Federal/Other Expenditures:
\$20,825 Annual Amortized Cost**

Estimate assumes:

- Total lump sum liability to state government for prior Class B members will be \$849,300.
- Annual amortized cost assumes a 20-year amortization of the lump sum liability.
- Group 2 members are already higher (80%) than this bill (77.5%) and rights may not be diminished.
- Any expenditures for political subdivisions will be optional and are not estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director